

**Tennessee Higher Education Commission
Performance Funding Advisory Committee
2005-10 Performance Funding Cycle
February 24, 2004**

Minutes

I. Welcome and Introductions

Performance Funding Advisory Committee Members

Augustus Bankhead (TSU), Peter Brown (DSCC), Linda Doran (TBR), Michael McFall (UTK – representing Loren Crabtree), Houston Davis (APSU – representing Sherry Hoppe), Dick Gruetzemacher (UTC - representing John Friedl), Robert A. Levy (UT), Leo McGee (TTU), Dan Poje (UoM), Mary McLemore (MSCC representing Arthur L. Walker, Jr.), and Ellen Weed (NSCC)

Commission Staff and Members

Brad Windley, Linda Bradley, Betty Dandridge Johnson and Brian Noland

Other Participants

Jay Sanders (MTSU) and Cathy Serex (UoM)

II. Performance Funding: Internal and External Perspectives

Dr. Rich Rhoda provided opening comments and introduced Dr. F. King Alexander (President, Murray State University) and Dr. Grady Bogue (Professor of Educational Administration and Policy Studies, University of Tennessee, Knoxville). Dr. Rhoda expressed his pleasure in having Drs. King and Bogue to provide their perspectives on national and state-wide trends in public accountability.

A national expert on higher education finance and accountability, Dr. Alexander's comments placed Tennessee in a broader national and international context. Noting that Tennessee is both low in tax effort and low in tuition, Dr. Alexander offered the following suggestions and comments:

- Beware of using the same benchmarks for all institutions. For example, if Murray State University and the University of Tennessee, Knoxville have the same graduation rates, this does not indicate similar performance since Murray State University serves more low-income students, who are less likely to graduate.
- Unintended consequences of accountability measures. For example, if graduation rates become the most important indicator, then the best way to increase these rates is to reduce enrollment and admit more out-of-state women.
- Publicize the social benefits of a college education (i.e., reduced crime rates, lower levels of poverty, seatbelt use, better health, etc.).
- If institutions are held accountable by quantifiable indicators, then take into consideration institutional mission and student characteristics.

- Public institutions are more efficient than we ever have been because our funding per student has been flat. On the other hand, private institutions have roughly doubled their per student expenditures.

As one of the chief architects of the Tennessee's performance funding program, Dr. Bogue provided an internal perspective. Dr. Bogue stated that Tennessee has a rich history of performance funding results but it's important for the higher education community to utilize these results for improvement.

Dr. Bogue suggested the following considerations as ways to improve performance funding:

- Enhancement of the Assessment Implementation standard – encourage institutions to utilize assessment results
- Focus more on state-wide goals
- Develop partnerships with legislative, social and civic groups
- Broaden stakeholders beyond students and alumni
- Gain access to stakeholders values through public opinion polls

Dr. Bogue stressed the need for the integration of “culture of evidence” with “culture of faith.”

III. Performance Funding 2000-05 Cycle: Status Report

Betty Dandridge Johnson presented the following highlights from the 2002-03 reporting period:

- Institutions earned over \$42 million – an increase of 32% or \$10 million since the first year of the 2000-05 cycle.
- For the second consecutive year, Roane State Community College received the maximum 100 points.
- During the 3rd year of the cycle, institutions piloted an Employer Survey. Most institutions administered a traditional survey except for University of Memphis that conducted a series focus groups with employers. Overall, the survey results were positive. Employers tended to be less satisfied with communication skills than with other skills of recent college graduates. The THEC staff recommended that the Employer Survey should be continued by either instituting a common instrument or providing a reporting template.
- An increase in points for the Assessment Implementation Standard (eight institutions received the maximum 10 points). Point increase is attributed to institutions better understanding of the standard coupled with using the advice of the review team.

IV. Performance Funding 2004 Survey

Dr. Brian Noland provided an overview of the 2004 Performance Funding Survey. A final report will be submitted to the Advisory Committee at the May 2004 meeting. The survey results will also be presented at the May 2004 Association for Institutional Research meeting.

V. Performance Funding 2005-10 Cycle

Dr. Brian Noland distributed a listing of possible indicators for the 2005-10 performance funding cycle. Dr. Noland expressed to the Advisory Committee that the THEC staff has no predisposed outcomes for the direction of the standards for the new cycle. While the performance funding indicators have traditionally focused more on institutional needs, consideration should be given to broader state-wide concerns. Consequently, the development of the 2005-10 performance funding cycle will work in tandem with the development of the 2005-10 THEC Master Plan.

The Advisory Committee discussed the continued need to focus on the Accreditation Standard. Dr. Bob Levy stated whether the state should declare victory since 99% of the programs are accredited and should move to other problems or concerns. Dr. Linda Doran expressed that accreditation serves as a valuable tool in communicating to the public regarding quality.

On the retention and persistence indicator, Dr. Alexander stressed the need of reporting aggregate data in addition (or instead of) to percentages. For example, both UTK and Vanderbilt may be able to say that 10% of their graduates are African American; however, UTK may have 400 whereas Vanderbilt only has 40. This is an important distinction in the context of workforce development.

Copies of the survey packets from NSSE and CSSE were distributed to the Advisory Committee. The Survey Subcommittee will review this information along with other survey instruments.

Timeline and Subcommittees

The proposed planning calendar for 2005-10 was presented and accepted by the Advisory Committee. The Advisory Committee also recommended that a subcommittee be formed that would focus on state indicators. This subcommittee would also work concurrently with the Master Planning 2005-10 Task Force. The Advisory Committee approved the nominations for the other subcommittees (General Education, Major Field Assessment, Survey, and Scoring).

The next meeting of the Advisory Committee is scheduled for May 2004.